



EV132198449US

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BOARD OF PATENT APPEALS AND INTERFERENCES

In Re Application of: Keiser et al.  
Art Unit : 3623  
Application No. : 09/382,907  
Examiner : Akiba K. Robinson Boyce  
Filed : August 25, 1999  
Docket No. : 10269/11  
For : COMPUTER-IMPLEMENTED SECURITIES TRADING  
SYSTEM WITH A VIRTUAL SPECIALIST  
FUNCTION  
Appeal No. : Not yet assigned

APPEAL BRIEF UNDER 37 C.F.R. §1.192

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Sir:

This is an appeal from the decision of Examiner  
Clement B. Graham, Group Art Unit 3623, in the Final Office  
Action of April 30, 2003, rejecting claims 1, 3-9 and 11-14 in  
the present application.

Pursuant to 37C.F.R. §1.192, applicants/appellants  
file this Appeal Brief, in triplicate, in support of the  
September 30, 2003 Notice of Appeal from the Examiner's final  
Office Action of April 30, 2003 finally rejecting claims 1, 3-9  
and 11-14 which are pending in this application.

Pursuant to 37 C.F.R. §1.17(c) and 37 C.F.R.  
§1.17(a)(4), applicants/appellants enclose herewith a check in

the amount of \$1810.00 in payment of the filing fee for this Appeal Brief with a four-month extension. The Director is authorized to charge any additional fees that may be due, or to credit any overpayment, in connection with the filing of this Appeal Brief, to Deposit Account No.06-1075. A separate Authorization to Charge Deposit Account is enclosed for that purpose (in duplicate).

This Brief has the following appendix:

Appendix A: Copy of claims 1, 3-9 and 11-14 involved in this Appeal.

**I. REAL PARTY IN INTEREST**

The real party in interest of this application is CFPH, L.L.C., having a business at 135 E. 57th Street, 5th floor, New York, NY 10022.

**II. RELATED APPEALS AND INTERFERENCES**

An Appeal Brief was filed on February 11, 2004 in related Application No. 09/465,607.

**III. STATUS OF THE CLAIMS**

Claims 1, 3-9 and 11-14 are pending and stand rejected in the present application. In the final Office Action mailed

on April 30, 2003, claims 1, 3, 8, 9, 11, 13 and 14 were rejected under 35 U.S.C. § 103(a) as being obvious from Nymeyer U.S. Patent No. 3,581,072 (hereinafter "Nymeyer") further in view of Fernholz U.S. Patent No. 5,819,238 (hereinafter "Fernholz"). Claims 4-7 and 12 were rejected as being obvious from Nymeyer in further view of Fernholz and further in view of Stein, et al U.S. Patent No. 5,826,241 (hereinafter "Stein").

Applicants/appellants ("applicants") appeal from the final rejection of claims 1, 3-9 and 11-14. For the reasons set forth herein, applicants respectfully submit that the rejection of claims 1, 3-9 and 11-14 should be overturned by the Board of Patent Appeals.

#### **IV. STATUS OF AMENDMENTS**

There have been no amendments to any of the pending claims since the April 30, 2003 final rejection. On July 30, 2003, applicants filed a response to the final Office Action. An Advisory Action was mailed on September 9, 2003 stating that the reply of July 30, 2003 failed to place the application in condition for allowance. Applicants filed a Notice of Appeal on September 30, 2003.

V. SUMMARY OF THE INVENTION

Applicants' invention, as claimed by claims 1, 3-9, and 11-14, is directed to computerized methods and systems for trading a plurality of instruments via buy orders and sell orders. Each of independent claims 1, 9 and 14 recite elements relating to measuring an imbalance between buy orders and sell orders for an instrument received over a given period, computing a projected price movement based on the measured imbalance between the number of buy and sell orders, and setting a market price for the instrument based upon the received buy and sell orders and the measured imbalance. Furthermore, each of independent claims 1, 9, and 14 specifically recites means for or a method step relating to "generating additional buy orders or sell orders for the instrument at the market price to guarantee execution of some or all of the received buy or sell orders". Applicants' independent claims further recite, among other limitations, generating an electronic currency to execute the buy and sell orders.

Systems according to the invention participate in the market as a trader, through the use of, for example, a virtual specialist program. One advantage obtained by such participation is the reduction of price volatility and the increase of market stability in the trade item by automatically

generating appropriate buy or sell orders to offset or partially offset stock price movement. See, e.g., page 4, lines 5-6, page 14, lines 20-24; page 15, lines 1-2, lines 11-12; lines 22-23 and page 16, lines 5-7. To actively trade in the market, the system may generate electronic currency with which to execute buy and/or sell orders. See, e.g., page 2, lines 14-15; page 15 lines 22-23.

#### **VI. ISSUES**

The issue in this appeal is whether the Examiner erred in rejecting claims 1, 3-9, and 11-14, as unpatentable under 35 U.S.C. § 103(a) based on Nymeyer in view of Fernholz and claims 4-7 and 12 in further view of Stein.

#### **VII. GROUPING OF THE CLAIMS**

Applicants submit that all of the claims stand or fall together.

#### **VIII. ARGUMENT**

In the final Office Action dated April 30, 2003, the Examiner rejected claims 1, 3, 8, 9, 11, 13 and 14 under 35 U.S.C. § 103(a) as being obvious from Nymeyer in further view of Fernholz. Claims 4-7 and 12 were rejected as being obvious from

Nymeyer in further view of Fernholz and further in view of Stein. Applicants respectfully traverse these rejections and request that they be overturned for at least the reasons set forth below.

The Examiner's argument that each of the independent claims 1, 9 and 14 is unpatentable as obvious over Nymeyer further in view of Fernholz is fundamentally flawed because the Examiner has not shown that all of the limitations of the claims are present in any single reference or in an combination of references. Exemplary independent claim 1 recites:

1. A method for trading a plurality of instruments in a computerized trading system that receives buy orders and sell orders for an instrument, the method comprising:

measuring an imbalance between the buy orders and sell orders for the instrument received over a given period;

computing a projected price movement based on the measured imbalance between the number of buy and sell orders;

setting a market price for the instrument based upon the received buy and sell orders and the measured imbalance;

automatically generating additional buy orders or sell orders for the instrument at the market price to guarantee execution of some or all of the received buy or sell orders;

generating an electronic currency to execute the buy and sell orders;

crediting a first trader's account with proceeds in the electronic currency for the executed sell orders by the first trader; and

debiting a second trader's account in the electronic currency for the executed buy orders by the second trader. (Emphasis supplied).

The emphasized limitation is not present in the prior art.

Nevertheless, the Examiner states that the emphasized limitation is present in Nymeyer. With respect to the italicized element, the Examiner cites Column 11, line 68 to Column 12, line 3.

This portion of Nymeyer states,

As pointed out above, the "at market" orders are effectively entered into the computation system at prices determined by the last selling price for the goods. In the illustrated system 10, with the closing price store 32 connected to main store 18, the prices employed for "at market" orders can be computed directly, adding one minimum price increment to the closing price for buy orders and reducing the closing price by one minimum increment for sell orders, by means of relatively simple computing circuits of known type. The same effect could be achieved by having the system operators encode "at market" orders for price, though automatic computation is preferred to reduce the human error factor.  
(Emphasis added.)

Applicants repeatedly have asserted that both the cited portion of Nymeyer or Nymeyer as a whole does not show or suggest the italicized limitation related to generating additional buy or sell orders. Applicants repeat this assertion herein and provide the requisite proof for this assertion as follows.

The Examiner's reliance on Nymeyer to reject the claims under 35 U.S.C. § 103(a) fails because Nymeyer, in fact, does not teach or suggest such an element. Rather than disclosing generating additional orders, Nymeyer merely discusses a method of assigning a price for an existing "at market" bid or offer. While this assigning may entail incrementation or decrementation based on auction conditions, nevertheless, Nymeyer does not show or suggest generating additional orders.

The Abstract of Nymeyer supports applicants' position. The Abstract section of Nymeyer specifically states, "[t]he prices accompanying the last pair of orders to be matched are then used to establish a trading price for all of the matched pairs and a new market price for future transactions. Unpriced or 'at market' orders are assigned prices based upon the market price . . . ." Applicants further point out Col. 7, lines 40-63, which also show that Nymeyer is merely setting an appropriate price for "at market" orders that have already been entered. Thus, Nymeyer does not show or suggest generating additional orders according to the invention.

A determination of obviousness of a claimed invention requires that all of the claim limitations be



taught or suggested by the prior art. *WMS Gaming, Inc. v. International Game Technology*, 184 F.3d 1339, 1359, 51 USPQ2d 1385, 1399 (Fed. Cir. 1999). Where, as here, the Examiner fails to establish a *prima facie* case of unpatentability, the applicant is entitled to grant of the patent. *In re Oetiker*, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992). Nymeyer simply does not provide the required teaching or suggestion of a limitation relating to generating an order according to the invention. Nor does anything else in the prior art.

Fernholz discusses an automated securities portfolio management system that automatically trades as needed to modify a portfolio. Based on security price information input into the system and utilizing weights and indices calculated from such price information, the system determines and trades what the system calculates to be appropriate market orders for modifying the portfolio. Fernholz clearly does not make up the deficiency of Nymeyer nor has the Examiner asserted that Fernholz shows or suggests the italicized claimed limitation relating to generating orders. Nor does Stein, which relates to a computerized system for making payments and authenticating transactions over the Internet, make up this deficiency.

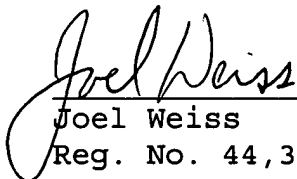
Thus, the Examiner has failed to establish a *prima facie* case of obviousness, and independent claims 1, 9, 14, as well as dependent claims 3-9 and 11-14 (which are dependent on independent claims 1 and 9 respectively) are patentable.

**IX. CONCLUSION**

In view of the foregoing, it is believed that all pending claims 1, 3-9 and 11-14 are in proper condition for allowance, and the Board is respectfully requested to overturn the Examiner's rejection of these claims.

Respectfully submitted,

Dated: 3/29/04

  
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Joel Weiss  
Reg. No. 44,398  
Attorney for Applicants/Appellants  
FISH AND NEAVE  
Customer No. 1473  
1251 Avenue of the Americas  
New York, New York 10020-1104  
(212) 596-9000

X. APPENDIX

Claims Currently Pending

1. A method for trading a plurality of instruments in a computerized trading system that receives buy orders and sell orders for an instrument, the method comprising:

measuring an imbalance between the buy orders and sell orders for the instrument received over a given period;

computing a projected price movement based on the measured imbalance between the number of buy and sell orders;

setting a market price for the instrument based upon the received buy and sell orders and the measured imbalance;

automatically generating additional buy orders or sell orders for the instrument at the market price to guarantee execution of some or all of the received buy or sell orders;

generating an electronic currency to execute the buy and sell orders;

crediting a first trader's account with proceeds in the electronic currency for the executed sell orders by the first trader; and

debiting a second trader's account in the electronic currency for the executed buy orders by the second trader.

3. The method according to claim 1, further comprising exchanging the electronic currency in the first or second trader's account for desired currency.

4. The method according to claim 3, wherein the electronic currency are exchanged at a currency exchange web site, and wherein a request for the exchange is transmitted to the currency exchange web site via a secured communication.

5. The method according to claim 1, further comprising purchasing goods or services using the electronic currency in the first or second trader's account, the goods or services being offered for sale by an on-line vendor via a web site on the Internet.

6. The method according to claim 5, wherein a request for the purchase is transmitted to the vendor's web site via a secured communication.

7. The method according to claim 5, wherein the vendor debits the first or second trader's account in the electronic currency for the purchase of goods or services via a secured communication.

8. The method according to claim 1, wherein the additional buy orders or sell orders for the instrument are automatically generated at the market price if the projected

price movement is greater than or equals a predetermined price movement threshold.

9. A computerized trading system for trading a plurality of instruments via buy orders and sell orders, comprising:

means for measuring an imbalance between the buy orders and sell orders for an instrument received over a given period;

means for computing a projected price movement based on the measured imbalance between the number of buy and sell orders;

means for setting a market price for the instrument based upon the received buy and sell orders and the measured imbalance;

means for automatically generating additional buy orders or sell orders for the instrument at the market price to guarantee execution of some or all of the received buy or sell orders;

means for generating an electronic currency to execute the buy and sell orders; and

means for crediting a first trader's account with proceeds in the electronic currency for the executed sell orders by the first trader and for debiting a second trader's account

in the electronic currency for the executed buy orders by the second trader.

11. The system according to claim 9, further comprising means for exchanging the electronic currency in the first or second trader's account for desired currency.

12. The system according to claim 9, further comprising means for purchasing goods or services using the electronic currency in the first or second trader's account, the goods or services being offered for sale by an on-line vendor via a web site on the Internet.

13. The system according to claim 9, wherein the additional buy orders or sell orders for the instrument are automatically generated at the market price if the projected price movement is greater than or equals a predetermined price movement threshold.

14. A computer-readable storage medium for storing program code means for, when executed, causing a computer to perform a method for trading a plurality of instruments in a computerized trading system that receives buy orders and sell orders for an instrument, the method comprising:

measuring an imbalance between the buy orders and sell orders for the instrument received over a given period;

computing a projected price movement based on the  
measured imbalance between the number of buy and sell orders;

setting a market price for the instrument based upon  
the received buy and sell orders and the measured imbalance;

automatically generating additional buy orders or sell  
orders for the instrument at the market price to guarantee  
execution of some or all of the received buy or sell orders;

generating an electronic currency to execute the buy  
and sell orders;

crediting a first trader's account with proceeds in  
the electronic currency for the executed sell orders by the  
first trader; and

debiting a second trader's account in the electronic  
currency for the executed buy orders by the second trader.